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UNCLAS TEL AVIV 001483

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XOXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD LONDON ALSO FOR HKANONA AND POL PARIS ALSO FOR POL ROME FOR MFO

SIPDIS

E.O. 12958: N/A TAGS: <u>OPRC KMDR</u> <u>IS</u>

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

11. Iran

12. Mideast

Key stories in the media:

The three major Hebrew-language dailies and Israel Hayom led with the Morris Talansky affair and PM Ehud Olmert's political future. Maariv quoted an Israeli law-enforcement official as saying that Olmert will be indicted in the Talansky affair. Yediot reported that Olmert will be probed in additional affairs. Yediot reported that the police will apparently recommend that the case of the house on Jerusalem's Cremieux Street be closed. Ha'aretz quoted Olmert's associates in Kadima as saying that he will not run for the Kadima leadership despite his statements to the contrary. Media reported that last night Olmert agreed to allow the winner of September's Kadima primary to form a new government and immediately replace him.

The Jerusalem Post reported that during the weekend of June 28, while Chairman of the Joint Chiefs of Staff Adm. Michael Mullen was in Israel for talks with senior defense officials, the U.S. Navy held an unprecedented exercise testing the communications network supporting the Aegis missile defense system across the Middle East. The Jerusalem Post reported that defense officials have said that in the event of a conflict with Tehran, the U.S. would deploy an Aegis system off Israel's coast to provide another layer of defense against Iranian ballistic missiles. . Ha'aretz quoted an Israeli specialist as saying that the long-range missile fired yesterday was an old version of the Shihab-3 that is only capable of reaching only 1,300 km. Revolutionary Guard Commanders said that the nine missiles tested were medium and long-range weapons including some that are capable of striking Israel

Maariv reported that Secretary of State Condoleezza Rice plans to invite the Israeli and Palestinian negotiating teams to the State Department during the second half of July in order to produce a document showing all agreed-upon points, including an outline for the continuation and a declaration for the resumption of the talks during the next administration.

Ha'aretz reported that Olmert wants to get the U.S. involved in any negotiations between Israel and Syria, to persuade President Bashar Assad to advance to direct talks. Ha'aretz reported that Olmert told Italian FM Frattini on Tuesday that he can persuade President Bush to sponsor the talks.

Israel Radio reported that last night the IDF killed an 18-year-old Palestinian man who crossed the Gaza border. The radio reported that in a village near Jenin, undercover Border Police killed a wanted Hamas man, Talal Abed. The radio also reported that last night the IDF was active in Nablus. The Jerusalem Post reported that yesterday Hamas PM Ismail Haniyeh accused Israel of waging a "dirty war" against Hamas. He also accused the PA of "participating" in the Israeli campaign.

Leading media reported that two Israeli Bedouin from the Negev town of Rahat, named by police as Taher Abu Sakut, 21, and Omar Abu Sakut, 22, were charged yesterday with plotting terrorist attacks via the Internet with al-Qaida members overseas and marking out civilian and military sites as targets.

Major media reported that yesterday intelligence officials told the diplomatic-security cabinet that Hizbullah has 42,000 rockets.

Leading media reported that in ten days IDF Chief of Staff Lt. Gen. Gabi Ashkenazi will visit the U.S. -- for the second time in a month.

Yediot reported that over 1,800 housing units will soon be built beyond the Green Line. Makor Rishon-Hatzofe reported that hundreds of housing units will be built in the East Jerusalem neighborhoods of Pisgat Zeev and Har Homa. Maariv reported that at its meeting in Japan the G8 demanded the freezing of construction in the settlements. Maariv reported that the residents of the West Bank village of Bil'in will today sue in a Montreal court Canadian companies building in the Modi'in Illit neighborhood of Matitiyahu East to have 2,000 dunams (around 494 acres) of land returned to them.

Maariv reported that the IDF has decided to close Nablus's prosperous mall, threatening merchants and buyers of five years imprisonment and saying that the earnings go to Hamas.

The Jerusalem Post reported that yesterday the Knesset passed three bills in preliminary readings. They are seeking to enforce stiffer measures against Israelis involved in terrorism.

Ha'aretz reported on Ambassador Richard Jones' farewell visit last

week to the Druze village of Beit Jann. The newspaper reported that Jones acknowledged the existence of a communications channel between Israel's Druze community and the U.S., with the goal of assisting the Druze abroad -- in Syria and Lebanon.

Leading media report that President Shimon Peres will head the Israeli delegation at the Beijing Olympic Games.

The Jerusalem Post reported that this week the American Friends of the Hebrew University granted Bill Gates the Einstein Award.

Major media reported that yesterday the Baha'i Holy Places in Haifa and Western Galilee entered UNESCO's World Heritage List.

<u>¶</u>1. Iran:

Summary:

Liberal columnist and anchor Ofer Shelach wrote in the popular, pluralist Maariv: "For more than a decade we have been dealing with the Iranian threat, and there is still no answer to the question of whether Tehran is indeed determined to obtain a bomb, or whether it is just waiting for the right deal in order to give up the option."

Block Quotes:

"Blind in the Dark"

Liberal columnist and anchor Ofer Shelach wrote in the popular, pluralist Maariv (7/10): "The U.S., Iran and Israel are beginning a critical year, in a common situation that can be compared to blind people groping in the dark: Yesterday, for example, on the same day that the Iranians fired Shihabs in the desert, Assistant Secretary of State for Near East Affairs William Burns said that Iran was farther from the bomb than it was thought. How does Burns know? he speaking on the basis of intelligence or signaling something to Israel, after other Americans have signaled different things by leaking the large aerial exercise recently staged by the IDF? What does Iran understand from this, what does Barack Obama understand from this -- the man who may have to make the critical decision? For more than a decade we have been dealing with the Iranian threat, and there is still no answer to the question of whether Tehran is indeed determined to obtain a bomb, or whether it is just waiting for the right deal in order to give up the option. How can we know this, while we don't even know who will sit in the White House or the Prime Minister's Residence on the day the decisions have to be made? Only one thing is clear, because we have learned it from the history of democracies and dictatorships alike: The louder the rhetoric, the more the blind people wave the sword in the dark, the greater the chance for what the IDF called last summer (with regard to Syria) a 'miscalculation.' Only in this case, a mistaken calculation will cost more than ever.

12. Mideast:

Summary:

Settler leader Israel Harel wrote in the independent, left-leaning Ha'aretz: "The 'beefed-up UNIFIL,' whose forces were augmented to prevent Iran's preparations for a missile attack on Israel from Lebanon, has become the guardian of Hizbullah -- the executor of the Iranian plan -- against an attempt by Israel to foil it with a preemptive strike."

Block Quotes:

[&]quot;The Sole Achievement Has Been Erased"

Settler leader Israel Harel wrote in the independent, left-leaning Ha'aretz (7/10): "After Hizbullah smuggled into Lebanon some 40,000 rockets, a few of which are capable, according to the Defense Minister, of reaching Dimona, Ehud Barak remembered this week to threaten, in the French Foreign Minister's presence, that 'Israel will not put up with the continuing erosion of Resolution 1701.' It appears it is France's fault that Israel did not prevent Hizbullah, immediately on discovering the first signs of smuggling, from violating 1701... In a missile attack from Lebanon on Tel Aviv, Dimona, and other strategic targets in the country -- by means of Hizbullah -- Israel's hands would be tied tighter than they were in the Lebanon war. After all, the 'beefed-up UNIFIL,' whose forces were augmented to prevent Iran's preparations for a missile attack on Israel from Lebanon, has become the guardian of Hizbullah -- the executor of the Iranian plan -- against an attempt by Israel to foil it with a preemptive strike."

JONES